



A Contracting Audit of the Texas Commission on Environmental Quality

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Executive Summary

Purpose and Scope

The objectives of the Texas Commission on Environmental Quality (Commission) contracting audit were to determine whether:

- Contracts were solicited, awarded and managed according to the applicable state laws and Comptroller requirements.
- The Commission acquired goods and services in an effective and efficient manner.
- Contract payments were processed according to applicable contract terms, state laws, Comptroller requirements and statewide automated system guidelines.
- Documentation to support the procurement and contracting activities and related payments was appropriately maintained.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from Sept. 1, 2018, through Aug. 31, 2019.

Background

The Texas Commission on Environmental Quality is the environmental agency for the state, with approximately 2,800 employees in Austin and 16 regional offices around Texas. The Commission strives to protect the state's public health and natural resources in ways that are consistent with sustainable economic development. Its goal is clean air, clean water and the safe management of waste.

Texas Commission on
Environmental Quality website
<https://www.tceq.texas.gov>

Audit Results

The Commission complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors noted no errors in the current audit. The following table presents an overview of audit results.

Table Summary

Contract Transactions		
Audit Question	Results	Rating
Did the purchase/procurement and contract-related payments comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant

Key Recommendation

None.



Detailed Findings

Contract Transactions

Auditors reviewed two contracts totaling \$25,479,019 and developed a representative sample of 10 contract payments totaling \$2,738,099.82 to ensure the Commission complied with the GAA, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#) and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.

Contract	Amount	Type of Service	Procurement Cycle				
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management
Contract A	\$15,000,000	Assessment, investigation and remediation services	No exceptions	No exceptions	No exceptions	No exceptions	No exceptions
Contract B	\$10,479,019	Records management of the central file room	No exceptions	No exceptions	No exceptions	No exceptions	No exceptions



Appendices

Appendix 1 — Objectives, Scope, Methodology, Authority and Team

Audit Objective

The objective of this audit was to ensure contracting processes and payments comply with state laws and regulations.

Audit Scope

Auditors reviewed two contracts of the Texas Commission on Environmental Quality (Commission) that were processed through the Uniform Statewide Accounting System (USAS) from Sept. 1, 2018, through Aug. 31, 2019, to determine compliance with applicable state laws.

Texas law requires the Texas Comptroller of Public Accounts (Comptroller's office) to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

The Commission received appendices with the full report and/or a management letter, including a list of identified errors. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

The audit provides a reasonable basis for the findings set forth in this report. The Commission should implement the recommendation made in the Detailed Findings section of this report. It is the Commission's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Comptroller's office may take the actions set forth in [Texas Government Code, Section 403.071\(h\)](#), to ensure the Commission's documents comply in the future. The Commission must ensure the findings discussed in this report are resolved.

Audit Methodology

The Expenditure Audit section uses limited sampling to conduct a post-payment audit, and relies on professional judgment to select areas the auditor considers high risk.

Fieldwork

Each auditor in the Expenditure Audit section approaches each audit with an appropriate level of professional skepticism based on the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcation or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor, the Statewide Fiscal Oversight manager, or both, to decide what action or additional procedures would be appropriate.



Audit Authority

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- Texas Government Code, Sections 403.071(a), 403.078, 2103.004(a)(3).

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

Audit Team

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Appendix 2 — Definition of Ratings

Compliance Areas

Definition	Rating
Agency complied with applicable state requirements and no significant control issues existed.	Fully Compliant
Agency generally complied with applicable state requirements; however, control issues existed that impact the agency's compliance, or minor compliance issues existed.	Compliant, Findings Issued
Agency failed to comply with applicable state requirements.	Noncompliant
Restrictions on auditor's ability to obtain sufficient evidence to complete all aspects of the audit process. Causes of restriction include but are not limited to: <ul style="list-style-type: none">• Lack of appropriate and sufficient evidentiary matter.• Restrictions on information provided to auditor.• Destruction of records.	Scope Limitation

Internal Control Structure/Security Areas

Definition	Rating
Agency maintained effective controls over payments.	Fully Compliant
Agency generally maintained effective controls over payments; however, some controls were ineffective or not implemented. These issues are unlikely to interfere with preventing, detecting, or correcting errors or mitigating fraudulent transactions.	Control Weakness Issues Exist
Agency failed to effectively create or implement controls over payments.	Noncompliant

Repeat Finding Icon Definition



This issue was identified during the previous audit of the agency.